

EXHIBIT 1

INTRODUCTION

Respondents C. Terry Brown and Charlene A. Brown are principals of Atlas Hotels, Inc., located in San Diego, California. Atlas Hotels, Inc. ("Atlas Hotels") is a Delaware corporation located in San Diego, California.

In 2002, during the first semi-annual campaign reporting period of January 1, 2002 through June 30, 2002, Respondents made \$296,491 in political contributions, and thereby qualified as a "major donor committee" under the Political Reform Act (the "Act").¹ As such, Respondents were required to comply with specified campaign reporting provisions of the Act.

As a major donor committee, Respondents were required by the Act to file late contribution reports disclosing their late contributions within 24 hours of making them. Furthermore, as Respondents' contribution activity exceeded \$50,000 for the calendar year, Respondents were also obligated to file all required campaign statements online or electronically with the Secretary of State after the \$50,000 threshold amount was met.

In this case, Respondents made two late contributions prior to the March 5, 2002 primary election, which they failed to disclose in properly filed late contribution reports, thereby committing two violations of the Act. Respondents also failed to file two late contribution reports electronically, thereby committing two additional violations of the Act.

For the purposes of this stipulation, Respondents' violations of the Act are stated as follows:

COUNT 1: Respondents C. Terry Brown, Charlene A. Brown, and Atlas Hotels, Inc. failed to disclose a \$100,000 late contribution to the "Taxpayer Protection Act, A Project of the Taxpayer Protection Assoc. – Yes on E" committee in a properly filed late contribution report, by the February 23, 2002 due date, in violation of section 84203, subdivision (a).

COUNT 2: Respondents C. Terry Brown, Charlene A. Brown, and Atlas Hotels, Inc. failed to disclose a \$100,000 late contribution to the "Taxpayer Protection Act, A Project of the Taxpayer Protection Assoc. – Yes on E" committee in an electronically filed late contribution report, by the February 23, 2002 due date, in violation of section 84605, subdivision (a).

¹ The Political Reform Act is contained in Government Code sections 81000 through 91014. All statutory references are to the Government Code, unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in sections 18109 through 18997 of title 2 of the California Code of Regulations. All regulatory references are to title 2, division 6 of the California Code of Regulations, unless otherwise indicated.

COUNT 3: Respondents C. Terry Brown, Charlene A. Brown, and Atlas Hotels, Inc. failed to disclose a \$35,000 late contribution to the “No on F, A Project of the Taxpayer Protection Assoc.” committee in a properly filed late contribution report, by the February 27, 2002 due date, in violation of section 84203, subdivision (a).

COUNT 4: Respondents C. Terry Brown, Charlene A. Brown, and Atlas Hotels, Inc. failed to disclose a \$35,000 late contribution to the “No on F, A Project of the Taxpayer Protection Assoc.” committee in an electronically filed late contribution report, by the February 27, 2002 due date, in violation of section 84605, subdivision (a).

SUMMARY OF THE LAW

An express purpose of the Act, as set forth in section 81002, subdivision (a), is to ensure that the contributions and expenditures affecting election campaigns are fully and truthfully disclosed to the public, so that voters may be better informed, and improper practices may be inhibited. To that end, the Act sets forth a comprehensive campaign reporting system designed to accomplish this purpose of disclosure.

Section 82013, subdivision (c) includes within the definition of “committee” any person or combination of persons who directly or indirectly makes contributions totaling \$10,000 or more in a calendar year to, or at the behest of, candidates or committees. This type of committee is commonly referred to as a “major donor” committee.

Under section 84203, subdivision (a), when a committee makes or receives a late contribution, the committee must disclose the contribution in a late contribution report that must be filed within 24 hours of making or receiving the contribution. Section 82036 defines a “late contribution” as a contribution aggregating \$1,000 or more that is made or received before an election, but after the closing date of the last pre-election campaign statement. Under section 84200.7, subdivision (b)(2), for an election held in June or November of an even-numbered year, the late contribution period covers the last 16 days before the election.

Section 84605, subdivision (a) requires major donor committees that make contributions totaling \$50,000 or more in a calendar year to file all required campaign statements online or electronically with the Secretary of State after the \$50,000 threshold amount is met.

SUMMARY OF THE FACTS

In 2002, during the first semi-annual campaign reporting period of January 1, 2002 through June 30, 2002, Respondents C. Terry Brown, Charlene A. Brown, and Atlas Hotels made \$296,491 in political contributions, and thereby qualified under section 82013, subdivision (c) of the Act as a major donor committee.

COUNT 1

Failure to Disclose a Late Contribution

As a major donor committee, Respondents C. Terry Brown, Charlene A. Brown, and Atlas Hotels had a duty to file late contribution reports, disclosing, within 24 hours, any late contributions that they made. The late contribution reporting period for the March 5, 2002 primary election was February 17, 2002 through March 4, 2002.

On February 22, 2002, Respondents C. Terry Brown, Charlene A. Brown, and Atlas Hotels made a \$100,000 late contribution to the “Taxpayer Protection Act, A Project of the Taxpayer Protection Assoc. – Yes on E” committee. As the contribution was made during the late contribution reporting period prior to the March 5, 2002 primary election, Respondents were required to disclose the contribution in a paper late contribution report filed by February 23, 2002. Respondents failed to do so.

By failing to disclose a \$100,000 late contribution to the “Taxpayer Protection Act, A Project of the Taxpayer Protection Assoc. – Yes on E” committee in a properly filed paper late contribution report by February 23, 2002, Respondents violated section 84203, subdivision (a).

Respondents disclosed the \$100,000 late contribution made to the “Taxpayer Protection Act, A Project of the Taxpayer Protection Assoc. – Yes on E” committee in a semi-annual campaign statement filed on August 5, 2002, five months after the March 5, 2002 primary election.

COUNT 2

Failure to Disclose a Late Contribution Electronically

By making contributions of \$50,000 or more in a calendar year, Respondents C. Terry Brown, Charlene A. Brown, and Atlas Hotels had a duty to file all of their required campaign statements online or electronically with the Secretary of State.

On February 22, 2002, Respondents C. Terry Brown, Charlene A. Brown, and Atlas Hotels made a \$100,000 late contribution to the “Taxpayer Protection Act, A Project of the Taxpayer Protection Assoc. – Yes on E” committee, and failed to electronically file a late contribution report disclosing the \$100,000 late contribution by the February 23, 2002 due date.

By failing to disclose a \$100,000 late contribution to the “Taxpayer Protection Act, A Project of the Taxpayer Protection Assoc. – Yes on E” committee in an electronically filed late contribution report by February 23, 2002, Respondents violated section 84605, subdivision (a).

COUNT 3
Failure to Disclose a Late Contribution

As a major donor committee, Respondents C. Terry Brown, Charlene A. Brown, and Atlas Hotels had a duty to file late contribution reports, disclosing, within 24 hours, any late contributions that they made. The late contribution reporting period for the March 5, 2002 primary election was February 17, 2002 through March 4, 2002.

On February 26, 2002, Respondents C. Terry Brown, Charlene A. Brown, and Atlas Hotels made a \$35,000 late contribution to the “No on F, A Project of the Taxpayer Protection Assoc.” committee. As the contribution was made during the late contribution reporting period prior to the March 5, 2002 primary election, Respondents were required to disclose the contribution in a paper late contribution report filed by February 27, 2002. Respondents failed to do so.

By failing to disclose a \$35,000 late contribution to the “No on F, A Project of the Taxpayer Protection Assoc.” committee in a properly filed paper late contribution report by February 27, 2002, Respondents violated section 84203, subdivision (a).

Respondents disclosed the \$35,000 late contribution made to the “No on F, A Project of the Taxpayer Protection Assoc.” committee in a semi-annual campaign statement filed on August 5, 2002, five months after the March 5, 2002 primary election.

COUNT 4
Failure to Disclose a Late Contribution Electronically

By making contributions of \$50,000 or more in a calendar year, Respondents C. Terry Brown, Charlene A. Brown, and Atlas Hotels had a duty to file all of their required campaign statements online or electronically with the Secretary of State.

On February 26, 2002, Respondents C. Terry Brown, Charlene A. Brown, and Atlas Hotels made a \$35,000 late contribution to the “No on F, A Project of the Taxpayer Protection Assoc.” committee, and failed to electronically file a late contribution report disclosing the \$35,000 late contribution by the February 27, 2002 due date.

By failing to disclose a \$35,000 late contribution to the “No on F, A Project of the Taxpayer Protection Assoc.” committee in an electronically filed late contribution report by February 27, 2002, Respondents violated section 84605, subdivision (a).

CONCLUSION

This matter consists of four counts, which carry a maximum possible administrative penalty of Twenty Thousand Dollars (\$20,000).

For late contribution non-disclosure cases that are not resolved through the Commission's Streamlined Late Contribution Enforcement Program, the typical administrative penalty has ranged from 15 to 25 percent of the amount of the undisclosed contribution up to the maximum statutory penalty, depending on the seriousness of the violation. This case was not prosecuted through the streamlined program because of the large dollar amount of the late contributions not properly reported. Imposition of the maximum administrative penalty of \$5,000 for Counts 1 and 2 is therefore appropriate as these violations involve the larger dollar amount. Imposition of \$2,500 for Counts 3 and 4 is also appropriate as these violations involve a lesser dollar amount.

Accordingly, the facts of this case justify imposition of the agreed upon penalty of Fifteen Thousand Dollars (\$15,000).